

**Management Advisory Report:
The Wage and Investment Division
Substantially Completed the
Five Stand-Up Elements**

February 2001

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

February 9, 2001

MEMORANDUM FOR COMMISSIONER, WAGE AND INVESTMENT DIVISION

A handwritten signature in cursive script, reading "Pamela J. Gardiner".

FROM: Pamela J. Gardiner
Deputy Inspector General for Audit

SUBJECT: Final Management Advisory Report – The Wage and Investment
Division Substantially Completed the Five Stand-Up Elements

This report presents the results of our analysis of actions taken by the Wage and Investment Division to stand up on October 1, 2000. This management advisory report is being provided for informational purposes only and does not require a written response.

Stand-up is defined as the establishment of a new business unit with at least the minimum requirements (elements) of operating. These include: filling key management positions, completing actions to realign positions, establishing a finance office and separate budget, ensuring necessary delegations of authority are in place, and ensuring management systems or workarounds are developed and in place.

In summary, we found that the Wage and Investment Division substantially completed the five elements needed to stand up on October 1, 2000. However, progress is needed in the area of staffing for 1,558 unfilled positions. Approximately 199 of these positions are executives, managers, and Budget and Finance personnel critical for the stand-up, according to the IRS.

Please contact me at (202) 622-6510 if you have questions, or your staff may call Walter E. Arrison, Associate Inspector General for Audit (Wage and Investment Income Programs), at (770) 936-4590.

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Executive Summary

In early 1998, the Internal Revenue Service (IRS) Commissioner outlined a program to modernize the IRS, offering more efficient work processes and better service to American taxpayers. The Congress subsequently passed the IRS Restructuring and Reform Act of 1998 (RRA 98),¹ mandating that the IRS reorganize its structure to better serve its customers. The IRS modernization plan includes four operating divisions: Wage and Investment, Small Business/Self-Employed, Large and Mid-Size Business, and Tax Exempt and Government Entities. The Wage and Investment (W&I) Division is designed to serve individual taxpayers who earn incomes only from wages and investments, such as interest, dividends, or capital gains. W&I Division will serve approximately 116 million individual taxpayers that have an estimated total annual tax liability of \$380 billion.

The IRS reorganization process included an event called the “standing-up” of a new organizational unit. Stand-up occurs when a new unit completes five specific actions that are minimum requirements (elements) for operating. The five elements are: filling key management positions,² completing actions to realign positions, establishing a finance office and separate budget, ensuring necessary delegations of authority are in place, and ensuring management systems or workarounds³ are developed and in place.

Stand-up is not the final act of creating a new organizational unit. Additional actions are required after the stand-up before the process of becoming a new organizational unit is complete. The actions are covered in the *Restructuring Agreement Between the Internal Revenue Service & National Treasury Employees Union*⁴ (NTEU). These actions include an adjustment phase (where the IRS notifies NTEU of any changes in employment conditions), a bargaining phase (where the IRS and NTEU negotiate those changes, if any), and an implementation phase. These three phases take several months to complete.

The overall objective of this review was to evaluate the effectiveness of the W&I Division’s stand-up process. The review did not include an evaluation of transition efforts unrelated to the stand-up process.

¹ Pub. L. No. 105-206, 112 Stat. 685

² Key management positions include the W&I Commissioner; Deputy Commissioner; and directors of the W&I units, sub-units, and area offices.

³ Workarounds are temporary changes to current systems to allow for continued work pending permanent systems or process changes.

⁴ Department of the Treasury, Internal Revenue Service, Document 11062 (5-1999), Catalog Number 27971C

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Results

Overall, the W&I Division substantially completed the five elements required for standing up on October 1, 2000. Specifically, most of the key management positions were selected, the finance office and budget were established, delegations of authority were revised, and significant changes to management systems were not required. However, progress is needed in the area of staffing for 1,558 unfilled positions. Approximately 199 of these positions are executives, managers, and Budget and Finance personnel critical for the stand-up, according to the IRS.

Most of the Key Management Positions Were Filled

The W&I Division Commissioner and majority of other key management positions were selected prior to October 1, 2000. In September 2000, W&I Division executives and managers met to discuss the vision, organizational structure, and management roles and responsibilities of the new Division.

Actions to Realign Positions Were Substantially Completed But Progress is Needed for Filling Some Positions, Including Positions Critical for the Stand-Up

As of September 8, 2000, an estimated 37,385 of the 45,282 (83 percent) positions in W&I were filled with employees who were realigned without having to compete for the positions. The remaining 7,897 positions were competitive vacancies that will be filled by employees who compete for the positions. W&I anticipated filling 175 of these vacancies by October 1, 2000, and filling 6,164 vacancies for the 2001 Filing Season.⁵ Of the remaining 1,558 positions, approximately 199 are executives, managers, and Budget and Finance personnel critical for the stand-up. The IRS' contingency plan is to leave the teams involved in the design of the W&I Division in place until these positions are filled. The specific role of these teams in carrying out the duties of the vacant positions was not known at the time of our review and, therefore, we could not assess whether this contingency plan will be effective.

The Financial Office and Budget Were Established

The W&I Division Director for Strategy and Finance and the financial managers for the three W&I Division units have been selected. In Fiscal Year (FY) 2001, W&I Division will receive a budget and execute a financial plan. Procedures and controls, including

⁵ "Filing season" is a general term the IRS uses for the period individual tax returns are filed with the IRS—generally January through May of each year.

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financial codes, for the W&I Division accounting system were established and the financial systems were updated.

Delegations of Authority Were Revised

The IRS' Delegation Orders were revised, giving the W&I Division the authority to operate. The W&I Division developed new functional statements that described the organizational components and their responsibilities. In order to be fully functional, some authorities must be redelegated to those who will actually perform that duty. The divisions prepare "Local Delegation Orders" to redelegate authority. At the time of our review, revisions to the Local Delegation Orders were in process and expected to be signed by the stand-up.

Significant Changes to Management Systems Were Not Required

We determined that significant changes to management systems were not required for the W&I Division to stand up.

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Objective and Scope

Our overall objective was to evaluate the effectiveness of the Wage and Investment Division's stand-up process.

The overall objective of this review was to evaluate the effectiveness of the Wage and Investment (W&I) Division's stand-up process. The stand-up process is defined as the establishment of a new organization with at least the minimum requirements (elements) of operating. These include filling key management positions,¹ completing actions to realign positions, establishing a finance office and separate budget, ensuring necessary delegations of authority are in place, and ensuring workarounds² are developed and in place.

The Treasury Inspector General for Tax Administration (TIGTA) identified modernization as one of the major challenges facing the Internal Revenue Service (IRS). The IRS' modernization includes a multi-year time schedule necessary to accomplish full implementation of the IRS' transition process. We plan to continue our review of the transition process as part of our Fiscal Year (FY) 2001 audit program coverage.

We conducted this review at the W&I Division Headquarters in Atlanta, Georgia, and in New Carrollton, Maryland, from June to September 2000. The review was performed in accordance with the President's Council on Integrity and Efficiency's *Quality Standards for Inspections*.

Details of our audit objective, scope, and methodology are presented in Appendix I. Major contributors to this report are listed in Appendix II.

¹ Key management positions include the W&I Commissioner; Deputy Commissioner; and directors of the W&I units, sub-units, and area offices.

² Workarounds are temporary changes to current systems to allow for continued work pending permanent systems or process changes.

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Background

In early 1998, the IRS Commissioner outlined a program to modernize the IRS, offering more efficient work processes and better service to American taxpayers. The Congress subsequently passed the IRS Restructuring and Reform Act of 1998 (RRA 98),³ mandating that the IRS modernize to improve operations and to better serve its customers.

The IRS modernization is based on five levers of change: (1) revamping business practices, (2) creating management roles with clear accountability, (3) instituting a balanced performance measurement system, (4) overhauling the entire technology base, and (5) establishing customer-focused operating divisions.

The IRS will reorganize into four operating divisions that will focus on serving specific taxpayer groups with similar needs.

The IRS will reorganize into four operating divisions that will focus on serving specific taxpayer groups with similar needs. The four operating divisions are: (1) Wage and Investment, (2) Small Business/Self-Employed, (3) Large and Mid-Size Business, and (4) Tax-Exempt and Government Entities.

The IRS used a three-phased approach to design and implement the four operating divisions. The phases are defined as follows:

- Phase I – The IRS and a contractor validated the four operating division concept. Plans were established for the next phases.
- Phase IIA – Design teams were assembled that focused on the new IRS operating division structure.
- Phase IIB – Teams identified the infrastructure requirements for implementing the new organization.
- Phase III – This was the final phase of the organizational effort to actually implement the design. The entire implementation will take

³ Pub. L. No. 105-206, 112 Stat. 685.

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approximately 2-3 years. Stand-up of the new organization took place in this phase. However, stand-up is not the end product of creating a new organizational unit. Additional actions are required to accomplish the transition to the operating division as designed.⁴

The overall goal of the W&I Division is to improve service to taxpayers by placing emphasis on proactive education and assistance to enable them to understand and satisfy their tax liabilities. To accomplish this goal, the W&I Division will have three operating units that are designed to meet taxpayers' needs throughout the year during pre-filing, filing, and post-filing. These three units are: (1) Communications, Assistance, Research and Education (CARE); (2) Customer Account Services (CAS); and (3) Compliance. See Appendix IV for an overview of the W&I Division.

Results

W&I substantially completed the actions needed to stand up.

Overall, the W&I Division substantially completed the five elements required for standing up on October 1, 2000. Specifically, the W&I Division Commissioner and most of the key management positions were selected, the finance office and budget were established, delegations of authority were revised, and significant changes to management systems were not required. However, progress is needed in the area of staffing for 1,558 unfilled positions. Approximately 199 of these positions are executives, managers, and Budget and Finance personnel critical for the stand-up, according to the IRS.

⁴ These actions are covered in the *Restructuring Agreement Between the Internal Revenue Service & National Treasury Employees Union* (NTEU). The actions include an adjustment phase (where the IRS notifies NTEU of any changes in employment conditions), a bargaining phase (where the IRS and NTEU negotiate those changes, if any), and an implementation phase. These three phases take several months to complete.

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Most of the Key Management Positions Were Filled

The first critical stand-up element required that the following key components be accomplished:

- The Division Commissioner is on board.
- Key management positions have been filled.
- Management has been educated on the vision, structure, and functions of the new division.

The W&I Commissioner and most of the key management positions have been filled.

The W&I Division Commissioner and most of the key management positions have been filled. In addition, the W&I Division had contingency plans to temporarily fill vacant director positions until the directors could be selected. At the time of our review, the following directors had been selected:

- 11 (92 percent) of 12 Headquarters directors.
- 18 (82 percent) of 22 CARE directors.
- 17 (100 percent) CAS directors.
- 9 (100 percent) Compliance directors.

In September 2000, W&I Division executives and managers met to discuss the vision, organizational structure, and management roles and responsibilities of the new Division. During the first quarter of FY 2001, managers will be trained on the W&I vision and strategy so that they can train their employees.

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Actions to Realign Positions Were Substantially Completed But Progress is Needed for Filling Some Positions, Including Positions Critical for the Stand-Up

The second critical stand-up element required that the following key components be accomplished:

- Actions have been taken for employees to be realigned.
- Most competitive actions have been completed.
- Key support positions have been filled.
- Strategies have been developed to manage employees during the transition period.

Eighty-three percent of the 45,282 W&I positions were filled with realigned employees.

Actions have been taken to realign employees. As of September 8, 2000, an estimated 37,385 of the 45,282 (83 percent) positions in W&I were filled with employees who were realigned. These employees were moved into W&I from the old IRS structure without having to compete for their jobs.

The remaining 7,897 positions were competitive vacancies and will be filled by employees who compete for a job. At the time of our review, the IRS planned to fill these positions as follows.

- 175 positions anticipated to be filled by October 1, 2000.
- 6,164 positions will be filled for the 2001 Filing Season.⁵
- 1,558 positions will be selected sometime after October 1, 2000.

⁵ “Filing season” is a general term the IRS uses for the period individual tax returns are filed with the IRS—generally January through May of each year.

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The IRS has plans to address 203 employees that did not have a position in the new W&I Division.

Approximately 199 of the positions to be filled after October 1, 2000, are executives, managers, and Budget and Finance personnel who are critical to the stand-up, according to the IRS. The IRS' contingency plan is to leave the teams involved in the design of the W&I Division in place until these positions are filled. The specific role of these teams in carrying out the duties of the vacant positions was not known at the time of our review and, therefore, we could not assess whether this contingency plan will be effective.

In addition to the unfilled positions in W&I, there were 203 employees as of October 1, 2000, without a position in W&I. These employees were in positions that were part of the former district and regional structure that no longer existed when the new W&I Division stood up. The IRS has plans in place to address these employees. The plans include competing for vacancies in the new W&I Division, finding positions elsewhere in the IRS, or offering early retirement.

The Financial Office and Budget Were Established

The third critical stand-up element required that the following key components be accomplished:

- The Chief Financial Officer (CFO) organization has been designed and implemented.
- The FY 2000 Financial Plan has been developed and is ready to be executed. FY 2000 resources have been allocated to the appropriate Financial Plan Manager.
- Financial codes have been created and financial, personnel, and administrative systems updated with new codes.

W&I selected a Director for Strategy and Finance and will operate under its own budget.

The W&I Division Director for Strategy and Finance and the financial managers for CARE, CAS, and Compliance have been selected. In FY 2001, W&I

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Division will receive a budget and execute a financial plan. Procedures and controls, including financial codes, for the W&I accounting system were established and the financial systems were updated.

The IRS Chief Financial Officer prepared FY 2001 and FY 2002 budgets for the W&I Division during the strategic planning process. The W&I Division was scheduled to receive budget authority when it stood up on October 1, 2000.

After the stand-up, CARE, CAS, and Compliance will have budgets separate from the W&I Division Headquarters function. The Director, Strategy and Finance, will have budget responsibility for headquarters and provide policy guidance to CARE, CAS, and Compliance. The financial managers for CARE, CAS, and Compliance will have budget responsibility for their respective areas and will centrally manage their budgets.

Delegations of Authority Were Revised

The fourth critical stand-up element that pertains to Delegations of Authority required that the following be done:

- Functional statements for the new organization were developed.
- Delegation Orders were revised to include the new positions in the division.

For an organization to stand up, it must have the authority to perform its job. The IRS gives this authority to operating divisions through “Delegations of Authority.” These Delegations, also referred to as National Delegation Orders, are published in the Internal Revenue Manual. Due to the changes caused by the IRS reorganization, the National Delegation Orders, and related redelegations, needed to be revised to include the new positions created in the divisions.

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W&I has the delegated authority to operate as a division.

The W&I Division developed new functional statements that described organizational components and their responsibilities. In November 1999, the IRS' National Delegation Orders were revised to give the divisions the authority to operate.

Some authorities must be redelegated to those who will actually perform the duty. This is accomplished by the divisions preparing "Local Delegation Orders" to redelegate authority. Although the IRS did not require revisions to the Local Delegation Orders for the stand-up, they are needed for the Division to be fully functional. At the time of our review, revisions to the Local Delegation Orders were in process and expected to be signed by the stand-up.

Significant Changes to Management Systems Were Not Required

The last critical stand-up element required that the following key components be accomplished:

- Clearly define changes needed to existing systems.
- Workarounds need to be in place.

Significant changes to management systems were not needed for W&I to stand up.

IRS documents, including *Modernizing America's Tax Agency, 2000 IRS Organization Blueprint*⁶ and the *Restructuring Agreement Between Internal Revenue Service & National Treasury Employees Union*⁷ indicated that no significant changes to management systems were required for the W&I Division to stand up. We verified this information during discussions with IRS officials and by reviewing IRS modernization documents.

⁶ Department of the Treasury, Internal Revenue Service, Document 11052 (Rev. 4-2000), Catalog Number 27877P.

⁷ Department of the Treasury, Internal Revenue Service, Document 11062 (5-1999), Catalog Number 27971C.

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Conclusion

Although progress is needed in the area of staffing, overall, W&I Division executives and the design teams substantially completed the required actions needed for the new operating division to successfully stand up on October 1, 2000. This is a critical step in establishing the customer-focused IRS the Congress envisioned when it passed the RRA 98.

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Appendix I

Detailed Objective, Scope, and Methodology

The overall objective of this review was to evaluate the effectiveness of the Wage and Investment (W&I) Division's stand-up process. This review focused on determining whether the stand-up process was progressing satisfactorily to ensure a successful stand-up on October 1, 2000. To accomplish our objective, we:

- I. Determined if the key W&I management positions were being filled by:
 - A. Reviewing the stand-up organization charts and functional statements included in the W&I Commissioner's package to identify key management positions.¹
 - B. Researching the W&I Division web site to identify key management positions that had been filled.
 - C. Monitoring the status of critical milestones for all five stand-up elements reported on the W&I Milestone Reports for June through August 2000 and the Service Center Transition Team Milestone Reports for June and July 2000.²
 - D. Interviewing W&I officials and reviewing appropriate documentation to confirm whether key management positions had been filled or contingency plans existed to fill the key positions by October 1, 2000. We also determined if key management had been educated on the new W&I Division.
- II. Determined if actions to realign personnel into the W&I Division were being completed by:
 - A. Reviewing the W&I Commissioner's package to identify the W&I positions at stand-up and the actions for realigning personnel into those positions.

¹ The W&I Commissioner's package contains documentation that describes the new W&I Division. For example, the package includes detailed organization charts, explanations of the major W&I offices and their operations, employee positions by office or location, etc. The Internal Revenue Service (IRS) Commissioner approved the package for the W&I Division on June 12, 2000.

² The Milestone Report identifies the critical tasks required for stand-up, the due date for each task, the status of each task, and comments.

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- B. Interviewing W&I officials and reviewing appropriate documentation to identify what actions had been taken to realign personnel into the new W&I Division by October 1, 2000.
 - C. Monitoring the IRS Modernization and the W&I Division web sites for information related to the five stand-up elements, such as the proposed addendum to the Restructuring Agreement for staffing the GS-343 Program Analyst positions.
 - D. Determining the current status of the realignment.
 - E. Identifying the expected number of employees in the operating division from electronic data provided by Booz-Allen Hamilton and the IRS.
 - F. Identifying the number of employees that had been selected for positions in W&I.
- III. Determined if a W&I budget was created and financial management responsibilities were transferred to the Division Commissioner by:
- A. Reviewing the W&I Commissioner's package and verifying that it included this stand-up element as a critical milestone that must be met for a successful stand-up.
 - B. Discussing the budget process with the W&I Director for Strategy and Finance.
 - C. Reviewing the W&I budget for Fiscal Years 2000 through 2002.
 - D. Interviewing W&I officials and reviewing appropriate documentation to determine what actions have been taken to transfer financial management responsibilities for a separate W&I budget to the W&I Commissioner by October 1, 2000.
 - E. Verifying that a W&I Director for Strategy and Finance had been selected.
 - F. Reviewing the latest available W&I Status Report to determine the status of this critical stand-up element.
- IV. Determined if the National Delegation Orders and Local Delegation Orders for W&I were being revised to address changes due to the IRS reorganization. Determined the status of this process as it relates to the stand-up by:
- A. Reviewing the W&I Commissioner's package and verifying that it included this stand-up element as a critical milestone that must be met for a successful stand-up.
 - B. Discussing the process for revising the National Delegation Orders and preparing the Local Delegation Orders.

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- C. Reviewing the Internal Revenue Manual (IRM) for the National Delegation Orders to determine if changes were made to address the new W&I Division.
- D. Interviewing W&I officials and reviewing appropriate documentation to determine what actions have been taken to incorporate delegations of authority into the new W&I Division.
- V. Determined if management systems or workarounds were being developed and put in place to allow the new W&I Division to function on October 1, 2000, by:
 - A. Reviewing the W&I Commissioner's package and verifying that it included this stand-up element as a critical milestone that must be met for a successful stand-up.
 - B. Reviewing pertinent material from IRS web sites, including *Modernizing America's Tax Agency*, *2000 IRS Organization Blueprint* and the *Restructuring Agreement Between Internal Revenue Service & National Treasury Employees Union*, to determine if system changes or workarounds were needed at stand-up.
 - C. Interviewing W&I officials and reviewing appropriate documentation to determine if system changes or workarounds were being developed and put in place and to determine if IRM changes were needed for the stand-up.

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Appendix II

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Appendix III

Report Distribution List

Commissioner N:C
Chief Counsel CC
National Taxpayer Advocate TA
Director, Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis (OPERA) N:ADC:R:O
Office of Management Controls N:CFO:F:M
Audit Liaison, Commissioner, Wage and Investment Division W

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Appendix IV

Overview of the Wage and Investment Division¹

The Wage and Investment (W&I) Division will serve approximately 116 million individual taxpayers that file 88 million returns with wage and investment income² only. These taxpayers have an estimated total annual tax liability of \$380 billion. Almost all of the income for these taxpayers is reported by third parties, such as employers and savings institutions, and the majority of taxes are collected through third-party withholding. Most of these taxpayers deal with the Internal Revenue Service (IRS) only once a year when they file their tax returns, and the majority receive refunds.

W&I taxpayers are highly compliant with the tax law, which is partly due to third-party reporting of information and withholding. Noncompliance is often the result of taxpayer confusion with the tax law or a personal event outside their control. As a result, the ultimate goal of the W&I Division is to improve customer service by emphasizing proactive education and assistance to enhance awareness and facilitate satisfaction of tax responsibilities.

The W&I Division consists of the W&I Headquarters and three operating units. The three units are designed to meet taxpayers' needs throughout the year during "pre-filing," "filing," and "post-filing." These three units are: (1) Communications, Assistance, Research and Education (CARE) – pre-filing; (2) Customer Account Services (CAS) – filing; and (3) Compliance – post-filing.

W&I Headquarters

W&I Headquarters will provide overall strategic and operational direction to the three W&I operating units. It will only provide those services that cannot be effectively provided at the lower levels of the organization. W&I Headquarters includes the following staff functions and program offices:

- Strategy and Finance – This function will provide W&I with division-wide management of strategic planning, policy development, and research.
- Communications – This function is the main point of contact for relaying W&I-related information to both internal and external stakeholders. It will oversee the W&I Division's communications strategy, including marketing and media relations.

¹ Source of information is *Modernizing America's Tax Agency, 2000 IRS Organization Blueprint*, Department of the Treasury, IRS, Document 11052 (Rev.4-2000), Catalog Number 27877P.

² Investment income is earnings from interest, dividends, and capital gains.

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- Business Systems Planning – This function will gather and articulate business needs for Information Technology (IT) projects, computer systems, and computer applications.
- Human Resources – This function will provide W&I personnel continuous individual performance improvement and development to ensure they are technically competent to meet customer needs.
- Equal Employment Opportunity (EEO) and Diversity – This function will establish and implement EEO policies, procedures, and programs for W&I that conform to overall IRS guidelines.
- Electronic Tax Administration – This function will provide the mechanisms for IRS customers to file returns; make payments; exchange correspondence; and retrieve forms, publications, and other information from the IRS electronically.
- Earned Income Tax Credit (EITC) Program Office – This office will provide oversight of the annual EITC appropriation, as well as coordination, resources, and administrative and program support to all IRS functions that participate in EITC initiatives.
- Innocent Spouse Program Office – This office will provide oversight of the program policies and procedures to ensure timely, equitable, and consistent treatment of taxpayers, as well as coordination to all IRS functions that participate in the program.

CARE

The primary role of CARE is to educate taxpayers before they file their tax returns. This includes providing information, support, and assistance needed to understand and fulfill tax obligations. The CARE operating unit includes three sub-units: Media and Publications; Stakeholder Partnership, Education and Communications (SPEC); and Field Assistance.

- Media and Publications – This sub-unit will develop understandable notices, provide publishing services, and produce forms and publications that help the IRS administer the tax law and taxpayers comply with the law.
- SPEC – This sub-unit will inform, educate, and communicate with taxpayers to help them meet their tax responsibilities. SPEC will build relationships with groups, such as large employers, volunteer groups, and tax preparers, and use these resources to market and deliver educational products and services to W&I customers.
- Field Assistance – This sub-unit will provide assistance, education, and compliance services to W&I customers who need face-to-face interaction to comply with the tax laws. This includes helping taxpayers prepare their tax returns, answering tax law

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questions, resolving account problems, and conducting limited examinations of taxpayers' returns and collection activities.

CAS

The primary roles of CAS are to (1) process individual taxpayers' tax returns, payments, and refunds; (2) provide information to W&I customers on the status of their returns or refunds; and (3) resolve W&I customers' questions about their tax accounts. The CAS operating unit includes three sub-units: Submission Processing, Accounts Management, and the Joint Operations Center (JOC).

- Submission Processing – This sub-unit will process tax returns (paper and electronic), payments, and refunds for W&I customers at eight IRS processing sites (Andover, Atlanta, Austin, Brookhaven, Fresno, Kansas City, Memphis, and Philadelphia). Workload changes will be made at these centers over the next two years, which will affect where some taxpayers file their returns and pay their taxes.
- Accounts Management – This sub-unit will respond to W&I customers' tax law and account inquiries, resolve account issues, and provide account settlement (payment) options. Inquiries may be received via correspondence, telephone, or electronic media. Accounts Management will be located at five IRS processing sites (Andover, Atlanta, Austin, Fresno, and Kansas City).
- JOC – This sub-unit will provide service, support, and technology to assist the IRS in meeting the desired goals for answering taxpayer phone calls and correspondence. As a service-provider, the JOC is responsible for assisting the other IRS operating divisions as well.

A team in the W&I Headquarters Office is managing the CAS Headquarters transition. The team's transition plan identifies the action items that need to be taken, the individuals responsible for completing the items, the estimated and actual completion dates, and the status of the action items. For example, one of the actions is to determine what orientation and training will be needed for W&I management.

An integral part of the CAS transition involves the transition of the IRS' processing sites into Submission Processing and Accounts Management sites. An IRS National Headquarters transition team and local transition teams at the IRS processing sites are managing this part of the CAS transition. These teams have transition plans that identify the actions and issues that are unique to processing sites. For example, these action plans address anticipated workload changes that will occur as a result of a site's transition from processing both individual and business tax returns to processing individual returns only.

Compliance

The primary role of Compliance is to work with W&I customers who have a high risk of not complying with the tax law. This unit will use risk-based models in the examination

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and collection programs to more clearly differentiate between taxpayers who try to comply with the tax law but need assistance and taxpayers who intentionally do not comply. An outcome of the Compliance work is that it identifies issues that cause problems for taxpayers. Thus, another key role of the Compliance unit will be to provide feedback to the CARE unit on how to improve customer service and communication.

Compliance activities for W&I customers will be centrally managed at five IRS processing sites (Andover, Atlanta, Austin, Fresno, and Kansas City). The Compliance operating unit includes three sub-units: Compliance Services, Collection Strategy, and Examination Strategy and Selection.

- Compliance Services – This sub-unit will provide fair and equitable treatment to those taxpayers that require contact as part of examination or collection activities.
- Collection Strategy – This sub-unit will provide continuous oversight and coordination of policy within the Compliance unit and between other W&I operating units. This sub-unit will develop strategies to address the needs of W&I taxpayers and develop the risk-based model for collection programs.
- Examination Strategy and Selection – This sub-unit will develop the risk-based model for examination programs. The selection of returns for examination will be made at the national level while the examination of returns will be made at the local level.